

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (11/12):**

BUTTER: Grade AA closed at \$2.0200. The weekly average for Grade AA is \$1.9800 (+.3808).

CHEESE: Barrels closed at \$1.6675 and blocks at \$1.7000. The weekly average for barrels is \$1.6030 (+.0630) and blocks, \$1.6330 (+.0630).

NONFAT DRY MILK: Extra Grade closed at \$0.8500 and Grade A at \$0.8500. The weekly average for both Extra Grade and Grade A is \$0.8500 (N.C.).

BUTTER: The market tone remains firm. At the CME, in moderate to heavy trading, the butter price has increased more than 47 cents in the past 6 sessions. These sharp increases not only impact butter prices and inventory values, but are having a big effect on fluid cream demand. Most cream buyers are trying to buy now to beat next week's anticipated price increases. Cream supplies are tight and little is currently available for churning, particularly in the eastern two-thirds of the country. A large percentage of current production of packaged butter is coming from bulk butter that is being micro-fixed rather than packaged direct from the churn. Demand for butter is fair to good. Retail Thanksgiving orders have been delivered, but some last minute needs continue to be shipped.

CHEESE: The cheese market is firm. Very tight milk supplies through much of the country and seasonally strong competition for milk for other dairy products is limiting current cheese production and availability. Many buyers are having difficulty in securing spot loads of current varieties. The lead times on orders has increased with some plants' production fully committed for a few weeks. Aged cheddar interest is improved with supplies limited for many preferred periods. Cheese makers and packagers continue to struggle to fill orders, especially those fill-in for Thanksgiving.

FLUID MILK: Milk supplies are very tight, at least through most of the country east of the Rockies. Class I and II milk usage is very strong as fluid orders are also filled as well as holiday items such as eggnog, whipped cream, sour cream, and dips. A few bottlers may be running their heaviest volume for the year. Florida continues to import supplemental volumes though the volume has declined. Milk intakes are increasing in Florida and the Southeast. Plant receipts are at or approaching the annual low point in the upper Midwest and Northeast. Volumes are increasing in New Mexico and most of California. Many manufacturers are looking for additional supplies. Milk supplies are tight in the Pacific Northwest with additional volumes not always available.

DRY PRODUCTS: The whey markets are firm and prices higher. Production is generally steady at seasonal levels. Buyers are having problems buying loads from Eastern and some Central plants. The NDM

markets are steady to firm. Drying is lighter seasonally. Export accounts are taking some additional volumes though Western powder continues to clear to CCC. The buttermilk market is mixed. Prices are unchanged though spot interest is light. Demand continues to center on contract deliveries and condensed sales. The WPC market is steady on limited spot activity. Lactose prices are unchanged in a weak market. Supplies are in better balance due to increased export shipments. Production is steady.

CCC: For the holiday abbreviated week of November 8 - 12, CCC net purchases total 4,154,079 net pounds of Western NDM.

AUGUST MAILBOX MILK PRICES (DAIRY PROGRAMS): In August 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.75 per cwt., \$1.57 less than the figure for the previous month. The component tests of producer milk in August 2004 were: butterfat, 3.59%; protein, 2.99%; and other solids, 5.70%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$17.18 in Florida to \$13.04 in New Mexico. In August 2003, the Federal milk order all-area average mailbox price was \$12.95.

SEPTEMBER FLUID MILK SALES (AMS & CDEA): During September, about 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9% lower than September 2003. After adjusting for calendar composition, sales in September 2004 were 0.7% higher than September 2003. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from September 2003, while sales of whole milk, flavored whole milk, and buttermilk decreased from a year earlier.

USDA PRESS RELEASE: Agriculture Secretary Ann M. Veneman announced on November 8, that the U.S. Department of Agriculture has extended for 90 days the program to donate nonfat dry milk to nonprofit, faith-based and community organizations for use in meal services or for distribution to needy recipients. The program, the National Nonprofit Humanitarian Initiative (NNHI), was announced September 17, 2003, slated to end September 30 but now will run through December 31, 2004. The program provides excess inventory of non-fat dry milk to about 73 organizations that in turn deliver the nonfat dry milk (NDM) nationwide. USDA will provide up to an additional 10 million pounds of both instantized NDM fortified with vitamins A and D, as well as non-instantized and non-fortified NDM during this extended period. Since the program started in September 2003, USDA has distributed about 44 million pounds of instantized NDM and 92.8 million pounds of non-instantized and nonfortified NDM, a total of 136.8 million pounds of NDM.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

| PRODUCT | MONDAY NOVEMBER 8 | TUESDAY NOVEMBER 9 | WEDNESDAY NOVEMBER 10 | THURSDAY NOVEMBER 11 | FRIDAY NOVEMBER 12 | WEEKLY CHANGE* | WEEKLY AVERAGE# |
|------------------------|----------------------|-----------------------|--------------------------|-------------------------|-----------------------|-------------------|----------------------|
| CHEESE | | | | | | | |
| BARRELS | \$1.5400 (N.C.) | \$1.5575 (+.0175) | \$1.5825 (+.0250) | \$1.6675 (+.0850) | \$1.6675 (N.C.) | (+.1275) | \$1.6030 (+.0630) |
| 40# BLOCKS | \$1.5725 (+.0025) | \$1.5775 (+.0050) | \$1.6150 (+.0375) | \$1.7000 (+.0850) | \$1.7000 (N.C.) | (+.1300) | \$1.6330 (+.0630) |
| NONFAT DRY MILK | | | | | | | |
| EXTRA GRADE | \$.8500 (N.C.) | \$.8500 (N.C.) | \$.8500 (N.C.) | \$.8500 (N.C.) | \$.8500 (N.C.) | (N.C.) | \$.8500 (N.C.) |
| GRADE A | \$.8500 (N.C.) | \$.8500 (N.C.) | \$.8500 (N.C.) | \$.8500 (N.C.) | \$.8500 (N.C.) | (N.C.) | \$.8500 (N.C.) |
| BUTTER | | | | | | | |
| GRADE AA | \$1.9100 (+.2300) | ---- | \$2.0100 (+.1000) | ---- | \$2.0200 (+.0100) | (+.3400) | \$1.9800 (+.3808) |

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, NOVEMBER 8, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.5725; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 14 CARS GRADE AA: 1 @ \$1.7400, 1 @ \$1.7800, 1 @ \$1.8000, 1 @ \$1.8025, 1 @ \$1.8200, 1 @ \$1.8225, 2 @ \$1.8400, 1 @ \$1.8600, 1 @ \$1.8800, 2 @ \$1.9000, 2 @ \$1.9100; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.7500; OFFERS UNCOVERED: NONE

TUESDAY, NOVEMBER 9, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5575; 1 CAR 40# BLOCKS @ \$1.5775; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, NOVEMBER 10, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5825; 2 CARS 40# BLOCKS: 1 @ \$1.6150, 1 @ \$1.5800; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 21 CARS GRADE AA: 5 @ \$1.9200, 1 @ \$1.9300, 1 @ \$1.9700, 7 @ \$1.9750, 1 @ \$1.9800, 2 @ \$2.0000, 1 @ \$2.0100, 1 @ \$2.0000, 1 @ \$1.9975, 1 @ \$2.0100; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.9850, 1 @ \$1.9825, 1 @ \$1.9725, 1 @ \$1.9350, 1 @ \$1.9225, 1 @ \$1.9100; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$2.0200, 1 @ \$2.0300

THURSDAY, NOVEMBER 11, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.6925; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.6675, 1 @ \$1.6000; 2 CARS 40# BLOCKS: 1 @ \$1.7000, 1 @ \$1.6975; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, NOVEMBER 12, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$2.0125, 2 @ \$2.0150, 1 @ \$2.0175, 1 @ \$2.0200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$2.0200

BUTTER MARKETS

NORTHEAST

The market tone is firm, but still highly unsettled price-wise. October and early November trading has seen big swings in butter prices. The CME cash price for butter on 11/8 increased 23 cents. Starting with the first full week of October, the following are the weekly changes in the cash butter price at the CME: week one, -\$.1650 cents; week two, +\$.1225; week three, -\$.13; week four, -\$.0525; and week one of November, +\$.1350. Contacts are generally not pleased with these wide swings in price. It makes it difficult to plan purchases of both butter and cream. On a week-to-week basis, churning activity in the East is light. Cream supplies are tight and, with the 23-cent jump in butter price on 11/8, expected to get tighter as users try to buy as much as they can take/handle based on last week's average. Butter demand is seasonal and most Thanksgiving orders have been filled. Most packaged butter needs are already in retail stores or their distribution channels, but some last minute orders are being filled. With the lighter churning, a large portion of the orders are being filled via microfixing. Food service orders are about steady, but Thanksgiving needs are being assessed and placed. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

CENTRAL

Butter markets are firm as the cash price at the CME jumped sharply in recent trading sessions. Since November 1 and thru November 10, the cash price has increased 46 1/2 cents per pound. The current price of \$2.0100 is the highest cash since mid June. Earlier this year, the cash price reached \$2.3650 in April. Current firmness has many producers and handlers questioning where is this price headed at this time of the season. Stocks of butter remain lighter than desired for active butter sales. Often butter producers are questioning what to do with their cream supply, churn it, knowing that they could use the butter or sell the cream for financial

advantage. Overall, butter sales are reported as quite active. Thanksgiving orders have been shipped and suppliers anticipate some fill-in orders for the holiday during the next week to 10 days. Most orders are now being filled for the year-end holidays. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Butter prices at the cash CME market in Chicago have increased by 46 1/2 cents in the last four trading sessions to close at \$2.01 on November 10. A total of 136 loads have been sold in the last five trading sessions. Contacts are surprised at the amount of butter available for sale on the exchange and the strength in the market. Prices for the last three years have been less than \$1.40 at this time of year. Current butter demand for prints is rated as good. The timing is such that shipments have to be in the pipeline by this time to make it to stores by the Thanksgiving holiday period. More cream is heading to high fat products for sale during the upcoming holiday periods and this is limiting churning activity somewhat. This is the normal situation for this time of year. According to USDA, September butter production totals 92.2 million pounds, an increase of 25.8% or 18.9 million pounds from last year. Production is about even with 2002 and 2001. September butter production in the Western region is 45.5 million pounds, up 20.3% from 2003. Cumulative U.S. output for the first nine months of 2004 totals 906.5 million pounds, down 3.8% or 36.0 million pounds from the same period last year. CME weekly butter stocks declined by 7.3 million pounds last week to stand at 38.8 million pounds. Last year on week 45 stocks were 98.0, in 2002 stocks were 89.1, and in 2001 the total was 35.8 million pounds. The draw down in the last five weeks is 22.4 million pounds. Bulk butter prices range from 2 to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

| WEEK ENDING | CHEESE | | NDM | BUTTER | DRY WHEY |
|-------------|------------|----------------------|------------|-----------|------------|
| | 40# BLOCKS | 38% MOISTURE BARRELS | | | |
| NOVEMBER 6 | 1.5177 | 1.5244 | 0.8603 | 1.5700 | 0.2315 |
| | 8,851,728 | 8,926,076 | 19,300,164 | 3,298,482 | 10,676,313 |

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mostly unchanged and the market tone is steady at typical seasonal levels. Cheese output in the Northeast is steady to slightly heavier. Improving demand to fill Thanksgiving and year-end holiday needs is pushing some cheese makers to step up production. However, surplus milk supplies in the Northeast are tight. Demand for aged cheddar is also picking up along seasonal patterns. Distributors are somewhat pleased to see prices hold relatively steady and are able to get the types and volumes of cheese they need. Retail sales are mostly steady and food service orders are picking up for anticipated Thanksgiving needs.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

| | | |
|-----------------------------|---|---------------|
| Cheddar 10# Prints | : | 1.6375-2.1525 |
| Cheddar Single Daisies | : | 1.5950-2.0700 |
| Cheddar 40# Block | : | 1.7100-1.9700 |
| Process 5# Loaf | : | 1.7500-1.9575 |
| Process 5# Sliced | : | 1.7700-2.0100 |
| Muenster | : | 1.8100-2.0125 |
| Grade A Swiss Cuts 10 - 14# | : | 2.4500-2.6500 |

MIDWEST

The cheese market is steady to firm. Holiday item production and shipments continue active. Supplies of many current varieties, including cheddar blocks, are tight to short. Lead times on new orders are extended as manufacturers try to fill current orders. Some plant operators are more selective by taking new orders from just their better customers or just not accepting any new orders. Transportation delays associated with supplemental rail shipments from the West may also be part of the tightness issue. Natural packagers still need overtime to fill orders. Promotional activity is also generating increased movement for some firms. Some buyers that kept delaying orders in the hope of additional weakness or until the last minute may not receive desired volumes on a timely basis. Process movement is steady to occasionally slightly improved with overtime minimal. Barrel supplies are tight to in balance though the emphasis at barrel/block plants is not on barrels. With milk production at the low end of the annual cycle in the upper Midwest and strong competition for fluid from bottlers and other users, it may take a few weeks to catch up on orders. Cheese yields remain strong seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

| | | |
|---|---|---------------|
| Process American 5# Loaf | : | 1.7200-2.0000 |
| Brick And/Or Muenster 5# | : | 1.9800-2.2225 |
| Cheddar 40# Block | : | 1.8800-2.2650 |
| Monterey Jack 10# | : | 1.8600-2.2650 |
| Blue 5# | : | 2.4200-2.7000 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.8700-2.3650 |
| Grade A Swiss Cuts 6 - 9# | : | 2.3900-2.9500 |

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

| | BUTTER | : | CHEESE |
|----------|--------|---|---------|
| 11/08/04 | 21,495 | : | 128,376 |
| 11/01/04 | 25,819 | : | 129,132 |
| CHANGE | -4,324 | : | -756 |
| % CHANGE | -17 | : | -1 |

WEST

Cheese prices at the cash CME market in Chicago have been relatively steady since mid-October until this week. Barrel prices are up 4 1/4 cents and block prices are up 4 1/2 cents this week so far. Orders to cover holiday needs are rated as good by most contacts. They note that inventories are coming down to meet the current orders. Some wonder if buyers will be hard pressed to get product in position by the time it is needed to cover holiday orders. Certain ages of natural cheese continue to be hard to find and expensive. USDA indicates that total cheese production in September is 717.8 million pounds, up 1.3% or 9.1 million pounds from last year. More than half of this small increase could be explained by cream cheese output being up 5.8 million pounds. Output in the Western region, which produced 41% of U.S. cheese in September, was a little stronger than the country as a whole, being up 2.4%. Cumulative total cheese output for the first nine months of the year has reached 6.58 billion pounds, up 3.0% from the same period in 2003. The increase amounts to 192.8 million pounds or an average increase of 4.9 million extra pounds produced on average every week this year. Swiss output in September totals 22.2 million pounds, up 5.4% or 1.1 million pounds from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

| | | |
|---------------------------|---|---------------|
| Process 5# Loaf | : | 1.6925-1.9525 |
| Cheddar 40# Block | : | 1.6900-2.0425 |
| Cheddar 10# Cuts | : | 1.8700-2.0900 |
| Monterey Jack 10# | : | 1.8800-2.0400 |
| Grade A Swiss Cuts 6 - 9# | : | 2.2500-2.7000 |

FOREIGN

Prices are steady and the market tone is unchanged. Demand for foreign type and imported cheeses is improving seasonally. Stocks are adequate to cover current demand. The Euro is very strong which tends to impact ordering and purchases. This is the time of year when most importers have turned in unused licenses to avoid penalties. It is also the time when unused licenses are reallocated. Mid-October was also the time when 2005 license applications were to have been mailed.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

| VARIETY | : | NEW YORK |
|--------------------------|---|-------------------------------|
| | : | IMPORTED : DOMESTIC |
| Roquefort | : | TFEWR : -0- |
| Blue | : | 2.6400-4.2900 : 1.9525-3.4425 |
| Gorgonzola | : | 3.6900-5.9400 : 2.4575-2.4900 |
| Parmesan (Italy) | : | TFEWR : 3.3625-3.4725 |
| Romano (Italy) | : | 2.1000-3.1500 : -0- |
| Provolone (Italy) | : | 3.4400-5.6900 : 1.9650-2.1875 |
| Romano (Cows Milk) | : | -0- : 3.1475-5.3225 |
| Sardo Romano (Argentina) | : | 2.8500-3.2900 : -0- |
| Reggiano (Argentina) | : | 2.6900-3.2900 : -0- |
| Jarlsberg-(Brand) | : | 2.9500-4.0900 : -0- |
| Swiss Cuts Switzerland | : | -0- : 2.4500-2.6500 |
| Swiss Cuts Finnish | : | 2.5900-2.8500 : -0- |
| Swiss Cuts Austrian | : | TFEWR : -0- |
| Edam | : | : |
| 2 Pound | : | TFEWR : -0- |
| 4 Pound | : | 2.1900-3.4500 : -0- |
| Gouda, Large | : | TFEWR : -0- |
| Gouda, Baby (\$/Dozen) | : | : |
| 10 Ounce | : | 27.8000-31.7000 : -0- |

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

| | THIS WEEK | | LAST WEEK | | LAST YEAR | |
|------------------|-----------|-----|-----------|-----|-----------|-----|
| | IN | OUT | IN | OUT | IN | OUT |
| FLORIDA | 128 | 0 | 220 | 0 | 95 | 0 |
| SOUTHEAST STATES | 0 | 0 | 0 | 0 | 0 | 0 |

The following are the October 2004 Class and component prices under the Federal Milk Order pricing system: Class II \$13.57 (down \$0.09 from September), Class III \$14.16 (down \$0.56), and Class IV \$12.81 (down \$0.19). The following are the product price averages used in computing Class prices: butter \$1.7000, NDM \$0.8565, cheese \$1.5256, and dry whey \$0.2247. The Class II butterfat price is \$1.9090 and the Class III/IV butterfat price is \$1.9020. Milk production is showing more increases in Florida and other Southeastern states, but remains steady at seasonally low levels in the Northeast. Fluid milk supplies are tight in much of the region. However, Florida's need for outside milk dipped significantly this week, which helped supplying plants fill other orders. Florida's milk needs are easing with the increase in production, which put them in a slightly more balanced position. As Class I milk demand improves in coming weeks, handlers may again need to increase orders. Contacts report that trucks remain tight, which is a big factor in orders and delivery times. Class I demand is reported as fair to good farther north. Surplus milk volumes are tight and manufacturing plant schedules are down accordingly. Some cheese operations are getting back to six-day work weeks and taking more milk. Butter/powder plants are often faced with lighter receipts. The condensed skim market is about steady, but appears firmer. With less surplus milk moving through plants, a higher percentage of the solids are moving as a liquid and less is being dried. Prices for condensed skim are up, as are the new-month base prices. The fluid cream market is firm and supplies are tight. With the cash butter price at the CME jumping twenty-three cents on Monday (11/8), demand for cream increased noticeably. Buyers want to buy now before next week's base (CME weekly average) price goes up and some sellers want to hold on to their cream for delivery next week. The price difference between last week's average and Monday's close is significant. Spot prices this week are higher based on the improved demand, higher multiples and last week's CME average, which jumped 5.25 cents from the previous week. Cream demand is good. Production of holiday items like egg nog, dips, sour cream, and cream cheese are moderate to heavy. Ice cream output is slowing at some plants, steady at others. There are reports that some ice cream producers have had to gear back operating schedules due to unavailability of cream. This is seasonally typical and may provide more cream to other users. Churning activity is light in the East.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

| | | |
|--|---|-------------------------------|
| F.O.B. PRODUCING PLANTS: NORTHEAST | - | 2.0790-2.3668 |
| DELIVERED EQUIVALENT ATLANTA | - | 2.1109-2.3828 M 2.1909-2.2709 |
| F.O.B. PRODUCING PLANTS: UPPER MIDWEST | - | 2.0790-2.2389 |

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

| | |
|---|-----------------|
| F.O.B. PRODUCING PLANTS: | |
| NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES | - .9500- .9800 |
| NORTHEAST- CLASS III - SPOT PRICES | - 1.0300-1.1000 |

M I D W E S T

Class I and II milk demand are excellent with Class I usage near, or at, the highest weekly level of the year. Production of associated holiday items including eggnog, dips, whipped and sour cream are all active. Current milk supplies are tight to very short. Milk handlers and potential buyers are scrambling to find an extra load of milk with very little luck noted. Finding a truck/trucker becomes

the next problem if a load is secured. Any spot offering is quickly absorbed between bottlers and manufacturers. Bottlers with their own supplies are trying to roll as much weekend milk into Monday as they can rather than sell weekend spot loads. Spot manufacturing milk prices are unchanged to higher on a light test though some sellers indicate they could easily get higher prices if they had the milk. Reported prices range from \$2.00-3.25 net over class, fob shipper. While handlers are trying to bring up the issue, little activity seems to have occurred yet about setting up plans for surplus Thanksgiving weekend milk volumes. Cream demand remains strong but it is mostly coming from non-ice cream users as many prepare holiday items and butter makers. A common question in the trade is "what is going on with the butter market?" Milk intakes are steady to still trending lower seasonally. Normally, intakes start to rebound for a week or so early in November but so far no reports indicate this occurrence. Fat and protein levels are steady to slightly higher. Seasonal to above normal early November temperatures have allowed producers the opportunity to still keep cows outside for extended periods.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

| | NOVEMBER 4-9 | PREVIOUS YEAR |
|---------------------------|-----------------|-----------------|
| SLAUGHTER COWS | \$ 48.00- 53.00 | \$ 45.00- 51.00 |
| REPLACEMENT HEIFER CALVES | \$280.00-560.00 | \$400.00-520.00 |

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

| | NOVEMBER 4-9 | PREVIOUS YEAR |
|----------------|-----------------|-----------------|
| SLAUGHTER COWS | \$ 43.00- 55.50 | \$ 49.00- 53.00 |

W E S T

CALIFORNIA milk output is moving higher in most areas of the state at levels well above a year ago. The milk flow is increasing in the south as conditions are dryer and cooler following recent rains. Processors are calling for more milk which is welcomed. Bottled milk sales are generally favorable and expected to be higher before Thanksgiving. The milk flow in the Central Valley remains strong and continues to bring up concerns about handling the growing supplies over the holidays. Plants are willing to take milk with current commodity prices improving. Further north, milk supplies are generally above last year with some seasonal declines noted. Some processors are seeing weaker fluid milk and ice cream sales. NEW MEXICO milk production is moving higher. Weather conditions are cooling and the airflow is helping to dry out the wet areas. Reports show that fat and protein levels are improving and that somatic cell counts are lower since the end of recent rains. Milk shipments to the Southeast continue and are at levels higher than thought for this timeframe. Less milk is entering local balancing plants. With the butter price moving 43.75 cents higher from last Wednesday to close at \$2.01 on November 10, CREAM prices have moved higher. Demand is good for cream based item production, but is sometimes lower from butter producers. The cost of cream moved sharply higher with the change in the butter price, even though multiples changed little. Demand from ice cream producers was still good early in the week. Cream multiples range from 114 to 125, FOB and vary depending on class usage and basing point. Milk supplies in the PACIFIC NORTHWEST seem to be tighter than in the last few weeks. Some manufacturing operations are looking for additional loads of milk with only limited success. Cream supplies are also tighter than they have been. Weather conditions are seasonal and not impacting milk supplies by all that much. Quality hay supplies are tight and prices are firm. Heifer demand in the region is strong with prices still firm. Most contacts are calling the weather patterns in UTAH and IDAHO normal for this time of year. October was an exceptionally wet month, while November has been much drier. Milk flow patterns are considered normal for this fall season. Manufacturing plants range from in balance to tight on current milk supplies. Heifer prices at sales in both UTAH and IDAHO have weakened over the past few weeks. Average prices range from \$1-200 lower. It is too short a time frame to decide if this is a trend starting or just an aberration.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are higher on a steady to firm market. Despite the less than seasonal interest for high heat NDM, prices moved higher with less discounting noted. Low heat NDM is good, especially in light of reduced supplies of resale NDM from CCC exchange programs and increased inquiry from the trade. Sales to the CCC have ceased for the current week in the Central/East region. NDM production is unchanged to lower as milk is diverted away from NDM plants and into cheese or fluid markets. Inventories are in good balance. Spot sales are light with most movement occurring on a contractual basis.

EAST: Prices and the market tone remain unchanged in the East. However, the tight supply of surplus milk in the Northeast is limiting drying activity. The contract sales of condensed skim are leaving little to dry. Consequently, producer stocks, although still long, are getting back into better balance. Most producers expect that drying will remain low with the exception of the holiday weeks. Demand for fresh-made NDM is improving. There are reports of more export interest from European buyers. The NDM supply in the EU is also tight and the current, currency exchange rate makes U.S.-made NDM more attractive to European buyers/traders. There are continued reports of ongoing commercial exports to Central American and Caribbean countries. Traders report that supplies of NDM once owned by CCC are tightening, particularly the "younger powder" and some users are back in the market for fresh powder. However, older powder seems available to those who can use it. Interest in high heat NDM remains slower than expected, but the low prices of past weeks are no longer being reported.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during September 2004 totaled 94.6 million pounds, down 2.3% from September 2003 and 16.9% below August 2004. Month ending stocks, at 125.9 million pounds, are 98.6% above a year ago but 15.4% below last month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8500 - .9400 MOSTLY: .8600 - .8900

HIGH HEAT: .9100 - .9600

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are steady to higher. The market tone is steady to slightly firm for export sale prices. Some in the trade expect the trend to move lower as more NDM is being made, export contracts slow, demand declines over the holiday, and year end buyer inventories are lowered. Others see sales improving to cheese and other domestic accounts, better demand for fresh powder, and expect direct export sales to continue. Some offering prices were lowered for bulk or tote sales this week. During the week of November 1 - 5, CCC purchased 8,191,350 pounds of NDM from the West; 660,716 under invitation 080 for export programs. High heat NDM prices are slightly higher. Trading activity remains light and equally slow for contract and spot sales. The lack of demand is puzzling and unexpected. High heat powder is available from most suppliers. U.S. NDM production in September totaled 94.6 million pounds, down 2.3% from last year and 16.9% lower than August. Cumulative yearly, unadjusted production through nine months of 2004 totals 1.13 billion pounds, 8.5% (103.9 million pounds) lower than the same period in 2003. September production in the Western region totaled 82.4 million pounds, down 3.2% from last year. California produced 59.9 million pounds, up 17.6% from September 2003. U.S. manufacturers' stocks at the end of September were reported at 125.9 million pounds, almost twice last year's level but 15.4% less than last month. On November 8th, USDA announced a 90-day extension to donate NDM to nonprofit, faith-based, and community organizations for use in meal services or for distribution to needy recipients. USDA will provide up to an additional 10 million pounds of both instantized/fortified and non-instantized/non-fortified NDM. Since the program started in September 2003, USDA has distributed 136.8 million pounds of NDM under this initiative.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .7950 - .9200 MOSTLY: .8000 - .8900

HIGH HEAT: .8400 - .9125

CALIFORNIA MANUFACTURING PLANTS - NDM

| WEEK ENDING | PRICE | TOTAL SALES | SALES TO CCC |
|-------------|---------|-------------|--------------|
| November 5 | \$.8557 | 12,146,054 | 3,101,284 |
| October 29 | \$.8386 | 15,351,935 | 5,846,234 |

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices continue unchanged and nominal on a weak market. Buttermilk prices have remained stagnant for the last 6 weeks. Despite higher butter prices, output of dry buttermilk is expected constant up until the Thanksgiving holiday. Producers continue to hold excess stock of buttermilk. Because reducing the price is not anticipated to increase sales, producers are content in holding stocks at the present time. Production of dry buttermilk during September 2004 totaled 3.5 million pounds, 47.1% more than September 2003 and 8.1% above August 2004. Month ending stocks, at 5.8 million pounds, are 197.8% above a year ago and 6.9% higher than August 2004.

F.O.B. CENTRAL: .9000 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone remain steady. The Northeast price range is nominal. Production levels continue to parallel churning activity and are lighter in the East. Producer stocks remain light to moderate for the steady demand. Demand remains centered around contract sales. Dry buttermilk production during September 2004 totaled 3.5 million pounds, up 47.1% from last September and 8.1% more than August 2004. Month ending stocks, at 5.8 million pounds, are nearly triple last year and 6.9% more than a month ago.

F.O.B. NORTHEAST: 1.0000 - 1.0200

DELVD SOUTHEAST: 1.0100 - 1.0600

DRY BUTTERMILK - WEST

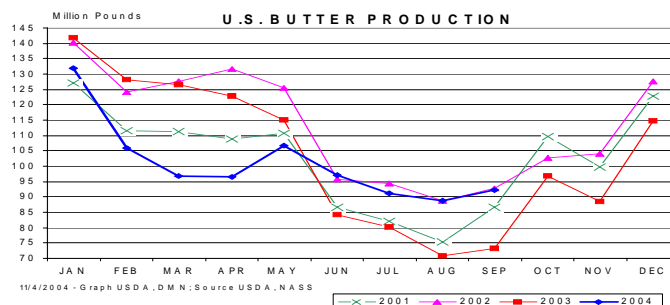
Western dry buttermilk prices are being held mostly steady. The market remains lightly tested with the tone steady to weaker. There is not much pressure on producers to lower prices because most are in good balance by clearing product through contract sales and movement of condensed buttermilk. Drying is often along projections. Seasonal interest is slow to develop. U.S. dry buttermilk production in September totaled 3.5 million pounds, up 47.1% from last year and 8.1% more than August. Stocks at the end of September were 5.8 million pounds, almost triple compared to a year ago and 6.9% higher than last month.

F.O.B. WEST: 1.0200 - 1.0700 MOSTLY: 1.0300 - 1.0500

DRY WHOLE MILK - NATIONAL

Prices are mixed, lower in areas that base prices on the Class IV milk price, but increasing where the CME butter price is a bigger influence on prices. Prices remain nominal. The market tone is unchanged. Production levels are mostly steady at light levels. Spot demand is little changed, but there is some improved seasonal demand from the bakery trade. Dry whole milk production during September 2004 totaled 3.2 million pounds, down 39.1% from last September but 2.5% more than August 2004.

F.O.B. PRODUCING PLANT: 1.2675 - 1.3800



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Producer stocks are reportedly in balance due in part to good export movement. Most movement into edible markets is contractual. Spot feed interest is light, especially as some feed buyers opt instead to purchase lactose at a lower cost. Whey production is mostly steady. Condensed whey is available for the light interest. Production of human food, dry whey during September 2004 totaled 73.7 million pounds, 5.3% less than September 2003 and 8.2% below August 2004. Month ending stocks, at 30.5 million pounds, are 18.3% below a year ago and 20.4% less than August 2004.

F.O.B. CENTRAL: .2350 - .2500 MOSTLY: .2400 - .2450

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher again this week and Northeastern prices remain nominal. The market tone continues to firm. Some contacts feel that the supply-side of the market is firmer than prices are indicating. Buyers, particularly traders, comment that it is increasingly difficult to find spot loads at Eastern and some Midwestern plants. Most spot sales continue to be found in the resale market. Cheese production in the Northeast remains light, but some plants do expect to increase output in the near future, if milk is available. Most Eastern producers continue to report being in a sold out position. Demand is improving as more buyers are making inquiries. Producers report getting more calls in recent weeks. Although prices are not climbing as quickly as some suppliers would like, they are moving steadily higher. Production of human food, dry whey during September totaled 73.7 million pounds, 5.3% less than September 2003 and 8.2% less than August 2004. Month ending stocks, at 30.5 million pounds, are 18.3% below last year and 20.4% less than a month ago. Production of animal feed, dry whey during September totaled 6.3 million pounds, 10.2% less than a year ago and 5.0% below August 2004.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2400 - .2625
DELVD SOUTHEAST: .2625 - .2750

DRY WHEY - WEST

Prices range from steady to fractionally higher for Western whey powder. Domestic sales are called good and export shipments are continuing at a steady pace. Some export sellers are stating that prices are high enough to cause them some problems, but there don't seem to be any whey stocks in the world at competitive prices to the U.S. The other option would be to switch out of whey into another product. Production levels are seasonal and no longer referred to as being on the heavy side of estimates. September U.S. edible whey production totals 73.7 million pounds, down 5.3% from last year. Stocks at the end of the month are 30.5 million pounds, down 18.3% from September 2003. Total dry whey production for the first nine months of the year is 784.8 million pounds, down 5.3% from the same period in 2003. This is a deficit of 44 million pounds compared to last year.

NONHYGROSCOPIC: .2200 - .2650 MOSTLY: .2375 - .2450

ANIMAL FEED WHEY - CENTRAL

Prices remain unchanged and nominal on a steady to firm market. Supplies are light for the good interest. Veal and early weaned pig markets are trending firm. Production of animal, dry whey during September 2004 totaled 6.3 million pounds, 10.2% less than September 2003 and 5.0% below August 2004. Month ending stocks, at 5.0 million pounds, are 43.5% higher than year ago but 6.0% less than August 2004.

F.O.B. CENTRAL:
MILK REPLACER: .2000 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. Mostly prices have not changed for the last 8 weeks. Sales continue to be noted at a premium and at a discount. Overall trade activity is generally light. Interest from the feed sector is improved in response to higher whey prices and reduced supplies of 80% WPC. Export movement is best into Mexico. Off grade supplies are available for the good interest. Production of HUMAN FOOD WPC during September 2004 totaled 24.0 million pounds, 2.9% higher from September 2003 and 0.4% above August 2004. Manufacturers' end-of-month stocks totaled 21.7 million pounds, 7.9% lower than a year ago but 1.2% above last month. Production of ANIMAL FEED WPC during September 2004 totaled 3.6 million pounds, up 8.6% from September 2003 but 9.6% below August 2004. Manufacturers' end-of-month stocks totaled 2.5 million pounds, 52.7% above last year and 9.3% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .5800 - .6400 MOSTLY: .5975 - .6225

LACTOSE - CENTRAL AND WEST

Prices remain unchanged on a weak market. Supplies are in better balance than at the start of the fourth quarter. Increased export movement has alleviated excess producer stocks at some locations. Improved interest from the feed sector is noted on lower mesh lactose as a substitute for higher priced whey. Production is steady yet higher than the same period last year due to the increased production of high proteins. Some discussions of 2005 contracts are taking place yet finalization is not anticipated until mid-December or thereafter. Lactose production during September 2004 totaled 54.1 million pounds, up 11.3% from September 2003 but 0.8% lower than August 2004. Month ending stocks, at 64.4 million pounds, are 57.7% higher than a year ago but 3.8% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2300 MOSTLY: .1700 - .2000

CASEIN - NATIONAL

The casein market and prices remain firm. Reports indicate that negotiations and contracting for the second quarter of 2005 are occurring. Indications are that prices will be higher than current ranges. Buyers state that they are concerned about the higher asking prices, but are equally, if not more, concerned about getting their needs filled. At this point, stocks remain in very close balance and are often short of full needs, especially for spot buyers. Under invitation #032, CCC sold back 4,000,451 pounds of nonfat dry milk for the production of casein/caseinate at \$0.40 per pound. Since June 2002, the government has sold nearly 40.7 million pounds of powder for this purpose. CCC issued invitation #033 to buy from the government 4 million pounds of powder for casein/caseinate production. Bids are due on Tuesday, November 16 with public notification November 18.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.8500 - 3.0500
ACID: 2.9000 - 3.0500

EVAPORATED MILK - NATIONAL

Prices are unchanged. The market tone is steady and remains highly competitive. Production levels are steady in the West; often lighter in the Midwest and East where surplus milk supplies remain tight. Producer stocks are declining as retailers pull additional loads to meet anticipated needs. Most Thanksgiving needs have been shipped, but some last minute loads are going out. Trucking continues to be an issue in this market. Canned evaporated milk production during September totaled 43.7 million pounds, 8.9% more than September 2003 and 15.6% more than August 2004. Month ending stocks, at 80.4 million pounds, are 4.7% more than a year ago but 7.7% less last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

| Month | 10/27 | 10/28 | 10/29 | 11/01 | 11/02 | 11/03 | 11/04 | 11/05 | 11/08 | 11/09 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| CME - (CLASS III) MILK FUTURES -- Dollars per cwt | | | | | | | | | | |
| OCT 04 | 14.18 (4419) 4 | 14.20 (4386) 30 | 14.19 (4377) 0 | 14.19 (4380) 2 | 14.20 (4375) 1 | 14.19 (4376) 0 | 14.19 (4048) 0 | 14.16 | | |
| NOV 04 | 14.17 (4199) 235 | 14.06 (4227) 76 | 14.10 (4090) 292 | 14.15 (4112) 124 | 14.22 (4191) 301 | 14.33 (4193) 65 | 14.34 (4278) 298 | 14.40 (4217) 206 | 14.50 (4120) 375 | 14.57 (4144) 110 |
| DEC 04 | 13.15 (3361) 274 | 12.91 (3358) 121 | 13.05 (3474) 237 | 12.97 (3436) 135 | 13.08 (3488) 267 | 13.31 (3476) 236 | 13.49 (3509) 299 | 13.60 (3549) 286 | 13.87 (3465) 680 | 14.29 (3535) 452 |
| JAN 05 | 12.47 (1825) 70 | 12.42 (1824) 13 | 12.45 (1846) 60 | 12.41 (1853) 25 | 12.44 (1867) 55 | 12.50 (1903) 78 | 12.60 (1948) 100 | 12.70 (1929) 147 | 12.85 (2019) 291 | 13.44 (2199) 375 |
| FEB 05 | 12.35 (1881) 10 | 12.26 (1884) 14 | 12.26 (1900) 29 | 12.25 (1902) 4 | 12.26 (1919) 32 | 12.28 (1930) 45 | 12.28 (1933) 20 | 12.31 (1952) 111 | 12.37 (1977) 121 | 12.56 (1991) 103 |
| MAR 05 | 12.35 (2197) 104 | 12.35 (2201) 53 | 12.36 (2218) 35 | 12.26 (2219) 5 | 12.30 (2235) 35 | 12.30 (2274) 69 | 12.31 (2275) 15 | 12.35 (2274) 44 | 12.37 (2274) 78 | 12.50 (2272) 73 |
| APR 05 | 11.95 (1202) 34 | 11.95 (1198) 33 | 11.96 (1205) 29 | 11.98 (1199) 8 | 11.98 (1206) 24 | 12.02 (1225) 48 | 12.09 (1225) 25 | 12.12 (1225) 32 | 12.15 (1258) 90 | 12.12 (1263) 25 |
| MAY 05 | 12.08 (1101) 6 | 12.04 (1100) 11 | 12.00 (1112) 19 | 11.98 (1112) 2 | 11.98 (1119) 23 | 11.98 (1142) 46 | 12.06 (1150) 23 | 12.10 (1147) 47 | 12.12 (1202) 91 | 12.18 (1199) 28 |
| JUN 05 | 12.34 (888) 9 | 12.28 (885) 16 | 12.30 (900) 18 | 12.26 (900) 2 | 12.26 (907) 23 | 12.26 (943) 46 | 12.34 (922) 32 | 12.37 (924) 32 | 12.37 (927) 48 | 12.40 (932) 26 |
| JUL 05 | 12.75 (776) 12 | 12.65 (776) 5 | 12.66 (781) 6 | 12.67 (783) 2 | 12.67 (783) 5 | 12.67 (818) 40 | 12.67 (819) 2 | 12.67 (818) 31 | 12.68 (834) 60 | 12.66 (833) 18 |
| AUG 05 | 13.25 (806) 8 | 13.25 (819) 18 | 13.25 (820) 1 | 13.25 (837) 17 | 13.25 (837) 5 | 13.25 (842) 10 | 13.25 (842) 2 | 13.25 (863) 41 | 13.31 (866) 61 | 13.30 (869) 15 |
| SEP 05 | 13.45 (736) 11 | 13.45 (742) 6 | 13.45 (744) 2 | 13.45 (744) 2 | 13.45 (749) 5 | 13.45 (754) 5 | 13.45 (756) 8 | 13.45 (811) 78 | 13.54 (817) 22 | 13.51 (820) 15 |
| OCT 05 | 12.75 (489) 5 | 12.75 (489) 0 | 12.75 (489) 0 | 12.75 (494) 5 | 12.75 (494) 0 | 12.75 (499) 10 | 12.75 (499) 8 | 12.75 (552) 89 | 12.90 (564) 23 | 12.86 (570) 8 |
| NOV 05 | 12.13 (338) 2 | 12.12 (338) 0 | 12.12 (339) 1 | 12.12 (339) 2 | 12.12 (340) 3 | 12.12 (345) 5 | 12.12 (345) 6 | 12.12 (386) 74 | 12.20 (389) 13 | 12.23 (392) 8 |
| DEC 05 | 12.02 (355) 2 | 12.02 (355) 0 | 12.02 (356) 1 | 12.02 (358) 2 | 12.02 (358) 1 | 12.02 (363) 5 | 12.02 (364) 7 | 12.03 (411) 78 | 12.10 (411) 10 | 12.10 (416) 8 |
| JAN 06 | 11.95 (6) 0 | 11.95 (6) 0 | 11.95 (6) 0 | 11.95 (6) 0 | 11.95 (6) 0 | 11.90 (6) 0 | 11.90 (6) 0 | 11.90 (6) 0 | 11.90 (8) 3 | 12.00 (10) 2 |
| FEB 06 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.90 (5) 0 | 11.90 (5) 0 | 11.90 (5) 0 | 11.90 (7) 2 | 12.00 (7) 0 |
| MAR 06 | 11.99 (4) 0 | 11.99 (5) 1 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.90 (5) 0 | 11.90 (5) 0 | 11.90 (5) 0 | 11.90 (6) 1 | 12.00 (6) 0 |
| APR 06 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 11.99 (5) 0 | 12.00 (5) 0 |
| CME - (CLASS IV) MILK FUTURES - Dollars per cwt. | | | | | | | | | | |
| OCT 04 | 12.50 (21) 0 | 12.50 (21) 0 | 12.50 (21) 0 | 12.50 (21) 0 | 12.50 (21) 0 | 12.50 (21) 0 | 12.50 (21) 0 | 12.81 | | |
| NOV 04 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 | 12.15 (64) 0 |
| JAN 05 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 |
| FEB 05 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 | 11.75 (9) 0 |
| MAR 05 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 |
| APR 05 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 | 11.75 (7) 0 |
| MAY 05 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 |
| JUN 05 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 |
| SEP 05 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 | 11.75 (1) 0 |
| OCT 05 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 | 11.75 (5) 0 |
| NOV 05 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 | 11.75 (6) 0 |
| CME - BUTTER FUTURES -- Cents per pound | | | | | | | | | | |
| DEC 04 | 147.00 (79) 0 | 147.00 (80) 3 | 147.00 (78) 2 | 147.00 (80) 16 | 146.50 (80) 2 | 148.00 (80) 0 | 148.00 (80) 1 | 153.00 (79) 15 | 163.00 (73) 24 | 163.00 (73) 3 |
| MAR 05 | 148.00 (58) 0 | 148.00 (61) 3 | 149.00 (61) 0 | 149.00 (61) 0 | 149.00 (61) 0 | 149.00 (61) 0 | 149.00 (62) 1 | 154.00 (64) 2 | 159.00 (65) 3 | 160.50 (67) 3 |
| MAY 05 | 147.00 (63) 0 | 147.00 (64) 1 | 148.00 (67) 4 | 150.00 (67) 0 | 150.00 (67) 0 | 150.00 (67) 0 | 150.00 (67) 0 | 153.00 (71) 5 | 159.00 (74) 4 | 161.00 (75) 1 |
| JUL 05 | 148.00 (31) 0 | 148.00 (33) 4 | 149.00 (33) 0 | 149.00 (33) 0 | 149.00 (33) 0 | 149.00 (33) 0 | 149.00 (33) 0 | 153.00 (33) 0 | 153.00 (33) 0 | 156.00 (35) 2 |
| SEP 05 | 149.00 (11) 0 | 149.00 (15) 4 | 150.00 (15) 0 | 150.00 (15) 0 | 150.00 (15) 0 | 150.00 (15) 0 | 150.00 (15) 0 | 153.00 (15) 0 | 153.00 (15) 1 | 156.00 (17) 2 |

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered November 1 - 12, 2004

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN EUROPE OVERVIEW: Milk production in the "old EU countries" is very close to the annual low point in receipts. Overall milk receipts in these countries have been lower than a year ago. However, fat tests have been higher than normal for much of the year, providing concern that some countries may again exceed their quota, at least on butterfat. The often cool summer in parts of Europe was given at least some of the credit for the higher tests on milk receipts. International interest in European originated products is generally quiet in part due to affect of the very strong Euro (recent new record against the U.S. dollar) compared to other currencies. Exports are also being affected by the recent discovery of dioxin, a potent carcinogen, in milk and livestock from some farms in the Netherlands, Belgium, and Germany that were fed potato peelings from a contaminated source. The problem seems contained and milk delivered from the limited number of affected farms is being handled separately. At least a couple Far East countries have, at least temporarily, discontinued imports from those affected countries and/or are requiring additional testing and documentation. Current production is geared toward cheese and internal EU consumer products for the upcoming holiday season. More attractive fresh skim powder for export is originating in South America. Normally good seasonal holiday butter interest from Russia has yet to develop.

BUTTER/BUTTEROIL: The butter market is steady with prices higher, at least in dollars. Good demand for butteroil is noted from Asian sources. Competition from Oceania is limited due to their supply limitations. Holiday/seasonal Russian butter interest has yet to develop. Butter production is often lower than a year ago as milk supplies are used in other products.

| | |
|----------------|---------------|
| 82% BUTTERFAT: | 2,025 - 2,200 |
| 99% BUTTERFAT: | 2,200 - 2,650 |

SKIM MILK POWDER (SMP): The skim market is firm internally and quiet internationally for European supplies. The strong Euro and lower prices from other sources including the U.S. limit international interest. Some traders hope that export refunds may get increased in the near future to help offset the affect that the strong Euro has against other currencies. Production is seasonally light. Additional volumes are expected to be tendered from internal supplies for animal feed use.

| | |
|------------------|---------------|
| 1.25% BUTTERFAT: | 2,150 - 2,550 |
|------------------|---------------|

WHOLE MILK POWDER (WMP): The whole milk market is steady. Current supplies are tight. Fresh European supplies are difficult to source for any new contracts, due to good demand for milk by other dairy products. Competition from Oceania is minimal due to their milk supply situation. A Middle Eastern country tender is generating some interest if supplies can be located.

| | |
|----------------|---------------|
| 26% BUTTERFAT: | 2,350 - 2,450 |
|----------------|---------------|

SWEET WHEY POWDER: The whey market is steady except for currency fluctuations. Most activity centers on the internal animal feed market. Other countries have lower whey prices than European sourced product. Production is trending lower seasonally.

| | |
|-----------------|-----------|
| NONHYGROSCOPIC: | 600 - 800 |
|-----------------|-----------|

EASTERN EUROPE OVERVIEW: Milk receipts are also approaching the low point in the season though generally Eastern Europe occurs later in the year than Western Europe. Production overall has been higher than a year ago in many of the new EU countries. Export product prices are closer in these countries to those of Western EU countries, minus the cost of additional freight. Milk production has been lower than a year ago in Russia and the Ukraine.

OCEANIA

OCEANIA OVERVIEW: Milk production trends in Oceania remain much the same as in recent weeks. Reports out of New Zealand continue to indicate that milk output during the 2004 - 05 season is trailing last year. In Australia, milk volumes are also behind last year, but the gap between the two years in narrowing. The most recent production data, July - September, indicates that cumulative production in Australia is now 0.1% behind last season for the first three months. Milk producers and handlers feel that this growth trend has and will continue into the peak of the season which is at hand at this time. Producers and handlers in both countries are hopeful that the second half of the production season will be more positive. Stocks of manufactured dairy products are in very close balance and often lighter than desired for this time of the production season. In Australia, production trends of various manufactured dairy products for the first three months of the year have been released. On a cumulative basis, butter is 8.6% ahead of the July - September 2003 period following two consecutive months of negative output. Butter production was strong during September with monthly output running over 40% heavier than September 2003. Other manufactured dairy products and their cumulative three month (July - September) changes from last year are: butteroil -29.4%; skim milk powder +1.3%; whole milk powder +1.8%, and cheese -7.1%. Handlers and traders usually look to the first half of the production season to establish a strong stock base which can carry them into the second half, but this year, the situation is not as positive. Traders state that the majority of their sales activity is centering around regular and ongoing customer needs. Spot or additional buyer interest is being reported, although, for the most part, none of this inquiry is being acknowledged.

BUTTER: Oceania butter markets are firm. Stocks of butter are reported to be in close balance and often not at desired levels for this time of the season. Most sales activity is centering around regular and ongoing customer needs. Minimal, if any, volumes of butter are available for spot buyer interest. At this point, suppliers and traders are not committing to the additional buyer interest.

| | |
|----------------|---------------|
| 82% BUTTERFAT: | 1,800 - 2,200 |
|----------------|---------------|

CHEDDAR CHEESE: Oceania cheese markets are firm. Milk production in both Australia and New Zealand is down from last year, thus cheese production is often not at anticipated levels. For the most part, handlers and traders indicate that they are meeting commitments, although stocks are lighter than desired. Sales negotiations for the second half of the milk production season are nearing completion and basically are centering around regular customer needs. Spot buyer interest is not being acknowledged at this time. Traders and handlers are indicating that it will be later in the season before they will be able to consider the additional interest.

| | |
|-----------------------|---------------|
| 39% MAXIMUM MOISTURE: | 2,650 - 2,900 |
|-----------------------|---------------|

SKIM MILK POWDER (SMP): Skim milk powder markets are firm with prices unchanged to higher. Stocks of powder are in close balance with minimal, if any, available for spot buyer interest. Traders and handlers report additional buyer interest that is going unfilled at this time. Most indicate that it will be much later in the season before they will be able to possibly consider acknowledging this buyer interest.

| | |
|------------------|---------------|
| 1.25% BUTTERFAT: | 2,100 - 2,300 |
|------------------|---------------|

WHOLE MILK POWDER (WMP): Whole milk powder markets are firm. Stocks of Oceania powder are in close balance with demand, thus very little is available for additional buyer interest at this time. The milk production season is basically at peak levels, but trailing last year. Powder producers are hopeful that the second half of the season will be more positive and some of the first half production loss can be regained.

| | |
|----------------|---------------|
| 26% BUTTERFAT: | 2,150 - 2,300 |
|----------------|---------------|

Exchange rates for selected foreign currencies: November 8, 2004

| | |
|-----------------------|--------------------------|
| .8375 Canadian Dollar | .0222 Indian Rupee |
| .3364 Argentina Peso | .6913 New Zealand Dollar |
| .0875 Mexican Peso | .7574 Australian Dollar |
| .3020 Polish Zloty | .0095 Japanese Yen |
| | 1.2918 Euro |

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0875)= 11.4286. That is 1 US Dollar equals 11.4286 Mexican Pesos. Source: "Wall Street Journal"

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, OCTOBER

Component Price Information: Under the Federal milk order pricing system, the butterfat price for October 2004 is \$1.9020 per pound. Thus, the Class II butterfat price is \$1.9090. The protein and other solids prices for October are \$2.3814 and \$0.0677 per pound, respectively. These component prices set the Class III skim milk price at \$7.78 per cwt. The October Class IV skim milk price is \$6.38 which is derived from the nonfat solids price of \$0.7093 per pound.

Product Price Averages: The product price averages for October are; butter \$1.7000, nonfat dry milk \$0.8565, cheese \$1.5256, and dry whey \$0.2247.

| FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/ | | | | | | |
|---|-----------------|------------------------|----------|-----------|----------|---------------|
| FEDERAL MILK ORDER MARKETING AREAS 3/ | ORDER NUMBER | OCTOBER 2004 | | | | NOVEMBER 2004 |
| | | CLASS I | CLASS II | CLASS III | CLASS IV | CLASS I |
| | | DOLLARS PER 100 POUNDS | | | | |
| Northeast (Boston) 4/ | 001 | 18.03 | 13.57 | 14.16 | 12.81 | 17.54 |
| Appalachian (Charlotte) 5/ | 005 | 17.88 | 13.57 | 14.16 | 12.81 | 17.39 |
| Southeast (Atlanta) 6/ | 007 | 17.88 | 13.57 | 14.16 | 12.81 | 17.39 |
| Florida (Tampa) 7/ | 006 | 18.78 | 13.57 | 14.16 | 12.81 | 18.29 |
| Mideast (Cleveland) 8/ | 033 | 16.78 | 13.57 | 14.16 | 12.81 | 16.29 |
| Upper Midwest (Chicago) 9/ | 030 | 16.58 | 13.57 | 14.16 | 12.81 | 16.09 |
| Central (Kansas City) 10/ | 032 | 16.78 | 13.57 | 14.16 | 12.81 | 16.29 |
| Southwest (Dallas) 11/ | 126 | 17.78 | 13.57 | 14.16 | 12.81 | 17.29 |
| Arizona-Las Vegas (Phoenix) 12/ | 131 | 17.13 | 13.57 | 14.16 | 12.81 | 16.64 |
| Pacific Northwest (Seattle) 13/ | 124 | 16.68 | 13.57 | 14.16 | 12.81 | 16.19 |
| All-Market Average | --- | 17.43 | 13.57 | 14.16 | 12.81 | 16.94 |

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, AUGUST 2004

In August 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.75 per cwt., \$1.57 less than the figure for the previous month. The component tests of producer milk in August 2004 were: butterfat, 3.59%; protein, 2.99%; and other solids, 5.70%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$17.18 in Florida to \$13.04 in New Mexico. In August 2003, the Federal milk order all-area average mailbox price was \$12.95, \$1.80 lower.

| Reporting Area | Mailbox Milk Price <u>2/</u> | | |
|-----------------------------------|------------------------------|--------------|----------------|
| | August 2003 | July 2004 | August 2004 |
| | Dollars per hundredweight | | |
| Northeast Federal Milk Order | 12.87 | 17.01 | 15.07 |
| Appalachian States <u>3/</u> | 12.92 | 18.14 | 15.11 |
| Southeast States <u>4/</u> | 13.88 | 19.04 | 15.75 |
| Southern Missouri <u>5/</u> | 12.41 | 17.51 | 14.46 |
| Florida | 15.25 | 20.47 | 17.18 |
| Ohio | 12.38 | 16.36 | 14.68 |
| Indiana | --- | 16.94 | 14.92 |
| Michigan | 12.21 | 16.09 | 14.53 |
| Wisconsin | 13.98 | 16.11 | 15.23 |
| Minnesota | 14.32 | 15.71 | 15.05 |
| Iowa | 13.54 | 15.76 | 14.89 |
| Illinois | 13.01 | 16.00 | 14.80 |
| Corn Belt States <u>6/</u> | 11.90 | 15.02 | 13.76 |
| Western Texas <u>7/</u> | 12.36 | 15.63 | 14.09 |
| New Mexico | 11.25 | 14.46 | 13.04 |
| Northwest States <u>8/</u> | 11.25 | 14.93 | 13.63 |
| All Federal Order Areas <u>9/</u> | 12.95 | 16.32 | 14.75 |
| California <u>10/</u> | 12.75 | 13.91 | NA |

NA=Not Available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. Figure for the previous year has been revised to exclude prices for Idaho and Utah which no longer are being reported. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

SEPTEMBER FLUID MILK SALES

During September, about 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9 percent lower than September 2003. After adjusting for calendar composition, sales in September 2004 were 0.7 percent higher than September 2003. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from September 2003, while sales of whole milk, flavored whole milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areasales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
SEPTEMBER 2004, WITH COMPARISONS ^{1/}

| Product Name | Sales | | Change from: ^{2/} | |
|---|-----------|--------------|----------------------------|--------------|
| | September | Year to Date | Previous Year | Year to Date |
| | Mil. Lbs. | | Percent | |
| Whole Milk | 1,446 | 13,243 | -2.6 | -2.9 |
| Flavored Whole Milk | 66 | 642 | -28.0 | -15.8 |
| Reduced Fat Milk (2%) | 1,460 | 13,045 | 0.1 | -0.3 |
| Low Fat Milk (1%) | 528 | 4,616 | 0.7 | -1.3 |
| Fat-Free Milk (Skim) | 652 | 5,816 | 0.7 | -1.4 |
| Flavored Fat-Reduced Milk | 356 | 2,550 | 4.4 | 9.6 |
| Buttermilk | 44 | 399 | -3.8 | -3.3 |
| Total Fluid Milk Products ^{3/} | 4,565 | 40,439 | -0.9 | -1.1 |
| Total Fluid Milk Products Adjusted ^{3/ 4/} | 4,576 | 40,280 | 0.7 | -1.5 |

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. ^{2/} Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see ^{4/}. ^{3/} Total fluid milk products include the products listed plus miscellaneous products and eggnog. ^{4/} Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, SEPTEMBER 2004, WITH COMPARISONS ^{1/}

| Area (Order Number) | Sales | | Change from: ^{2/} | |
|-------------------------|-----------|--------------|----------------------------|--------------|
| | September | Year to Date | Previous Year | Year to Date |
| | Mil. Lbs. | | Percent | |
| Northeast (001) | 794 | 7,083 | -0.9 | -0.6 |
| Appalachian (005) | 292 | 2,596 | -2.7 | 0.6 |
| Southeast (007) | 409 | 3,542 | 2.3 | -1.4 |
| Florida (006) | 237 | 2,180 | 1.2 | 1.3 |
| Mideast (033) | 525 | 4,653 | -0.1 | -1.1 |
| Upper Midwest (030) | 363 | 3,205 | -1.8 | -0.9 |
| Central (032) | 391 | 3,439 | -0.8 | -0.6 |
| Southwest (126) | 358 | 3,129 | 1.7 | 0.4 |
| Arizona-Las Vegas (131) | 104 | 968 | -3.6 | -0.1 |
| Pacific Northwest (124) | 182 | 1,596 | 2.3 | -0.5 |
| California (---) | 546 | 4,722 | -0.2 | -2.5 |

^{1/} These figures are representative of the consumption of total fluid milk products in the respective area; see ^{3/} above for the products included. ^{2/} Percent changes, as well as sales volumes, are shown on an unadjusted basis; see ^{4/} above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

| | FOR THE WEEK OF NOVEMBER 8 - 12, 2004 | | | CUMULATIVE TOTALS | | UNCOMMITTED INVENTORIES | |
|------------------------|---------------------------------------|----------------------|--------------------|-------------------|-----------------------|-------------------------|-----------------------|
| | TOTAL PURCHASES | CONTRACT ADJUSTMENTS | ADJUSTED PURCHASES | SINCE 10/01/04 | SAME PERIOD LAST YEAR | WEEK ENDING 11/05/04 | SAME PERIOD LAST YEAR |
| BUTTER | | | | | | | |
| Bulk | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Packaged | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| CHEESE | | | | | | | |
| Block | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Barrel | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Process | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| NONFAT DRY MILK | | | | | | | |
| Nonfortified | 4,523,335 | 369,256 | 4,154,079 | 35,528,951 | 35,184,491 | -0- | 899,824,000 |
| Fortified | -0- | -0- | -0- | -0- | -119,048 | -0- | 46,391,000 |
| TOTAL | 4,523,335 | 369,256 | 4,154,079 | 35,528,951 | 35,065,443 | -0- | 946,215,000 |

#0 pounds purchased under Invitation 080 with the total under Invitation 080 estimated at 108,715,455 pounds.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

| | MILKFAT* BASIS | SKIM** SOLIDS | | MILKFAT* BASIS | SKIM** SOLIDS |
|-------------------------------------|----------------|---------------|------------------------------------|----------------|---------------|
| WEEK OF NOVEMBER 8 - 12, 2004 = | 0.9 | 48.4 | COMPARABLE PERIOD IN 2003 = | 1.3 | 70.4 |
| CUMULATIVE SINCE OCTOBER 1, 2004 = | 7.8 | 413.6 | CUMULATIVE SAME PERIOD LAST YEAR = | 7.7 | 408.2 |
| CUMULATIVE JAN. 1 - NOV. 12, 2004 = | 61.0 | 3,276.3 | COMPARABLE CALENDAR YEAR 2003 = | 699.8 | 6,820.9 |

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF NOVEMBER 8 - 12, 2004 (POUNDS)

| REGION | BUTTER | | | CHEESE | | | NONFAT DRY MILK | |
|---------|--------|----------|----------|--------|--------|---------|-----------------|-----------|
| | BULK | PACKAGED | UNSALTED | BLOCK | BARREL | PROCESS | NONFORTIFIED | FORTIFIED |
| CENTRAL | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| WEST | -0- | -0- | -0- | -0- | -0- | -0- | 4,154,079 | -0- |
| EAST | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

| REGION | BUTTER | | CHEESE | | NONFAT DRY MILK | | MILK EQUIVALENT (%) | |
|--------------|---------|---------|---------|---------|-----------------|------------|---------------------|---------|
| | 2004/05 | 2003/04 | 2004/05 | 2003/04 | 2004/05 | 2003/04 | 2004/05 | 2003/04 |
| CENTRAL | -0- | -0- | -0- | -0- | 1,331,567 | -0- | 3.8 | 0.0 |
| WEST | -0- | -0- | -0- | -0- | 33,126,781 | 35,065,443 | 93.2 | 100.0 |
| EAST | -0- | -0- | -0- | -0- | 1,070,603 | -0- | 3.0 | 0.0 |
| TOTAL | -0- | -0- | -0- | -0- | 35,528,951 | 35,065,443 | 100.0 | 100.0 |

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2004 is **67,347,152 pounds**.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/23/04 & Comparable Week 2003

| Regions* (000 HEAD) | | | | | | | | | | | U.S. TOTAL | | % DAIRY OF ALL | |
|---------------------|-----|-----|------|------|------|------|------|-----|------|-----|------------------|------------------|----------------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | WEEK SINCE JAN 1 | WEEK SINCE JAN 1 | | |
| 2004-Dairy | 0.0 | 0.7 | 6.6 | 3.1 | 18.0 | 2.9 | 0.7 | 0.8 | 13.1 | 2.3 | 48.3 | 1,932.8 | 45.0 | 47.0 |
| 2003-Dairy | 0.2 | 0.9 | 8.8 | 5.8 | 24.7 | 2.7 | 0.4 | 1.1 | 16.8 | 3.0 | 64.4 | 2,349.3 | 47.6 | 47.7 |
| 2004-All cows | 0.1 | 0.8 | 8.2 | 14.9 | 29.7 | 17.2 | 12.5 | 3.0 | 15.4 | 5.7 | 107.4 | 4,108.4 | | |
| 2003-All cows | 0.2 | 1.1 | 11.6 | 14.0 | 36.9 | 19.7 | 21.0 | 3.5 | 19.2 | 8.0 | 135.3 | 4,922.8 | | |

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

| YEAR | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2001 | 9.99 | 10.27 | 11.42 | 12.06 | 13.83 | 15.02 | 15.46 | 15.55 | 15.90 | 14.60 | 11.31 | 11.80 |
| 2002 | 11.87 | 11.63 | 10.65 | 10.85 | 10.82 | 10.09 | 9.33 | 9.54 | 9.92 | 10.72 | 9.84 | 9.74 |
| 2003 | 9.78 | 9.66 | 9.11 | 9.41 | 9.71 | 9.75 | 11.78 | 13.80 | 14.30 | 14.39 | 13.47 | 11.87 |

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

| CLASS | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| I 1/ | 11.85 | 11.59 | 11.94 | 13.64 | 19.65 | 21.13 | 17.95 | 14.62 | 13.94 | 14.78 | 14.29 | |
| II | 11.67 | 12.90 | 14.79 | 15.21 | 15.03 | 14.31 | 14.00 | 13.13 | 13.66 | 13.57 | | |
| III | 11.61 | 11.89 | 14.49 | 19.66 | 20.58 | 17.68 | 14.85 | 14.04 | 14.72 | 14.16 | | |
| IV | 10.97 | 12.21 | 14.10 | 14.57 | 14.50 | 13.72 | 13.31 | 12.46 | 13.00 | 12.81 | | |

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cis_prod_cmp_pr.htm